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WEEKLY ROUNDUP OF WORLD PRODUCTION AND TRADE

WR 12-80

WASHINGTON, August 6--The Foreign Agricultural Service of the U.S. Department of Agriculture today reported the following recent developments in world agriculture and trade:

GRAIN AND FEED

In the SOVIET UNION, press reports indicate that by July 28, small grains and pulses had been cut on 23.2 million hectares (versus 14.8 million on July 21) and threshed on 15.3 million. The swathed area represents 19 percent of the total area for small grains and pulses.

The 1980 grain crop yields are expected to be generally above those reported last year but below yields reported in 1978. In some areas of southeastern European USSR, travelers have reported heavy weed infestations. Recent Soviet press reports have confirmed that yields in some areas have been reduced as a result of hot, dry weather. Nevertheless, Soviet harvesting reports continue to mention good-to-excellent yields.

The quality of ripening winter grains in northwestern European USSR could be adversely affected by abnormally large amounts of rain. In the western Ukraine, flooding has damaged some crops, while in southern European USSR, the weather has been generally favorable during the past week, facilitating harvesting operations. During July, most areas in the New Lands received normal or above-normal rainfall, thus improving the outlook for spring-grain production in the region.

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In CANADA, the Wheat Board has announced an increase in initial payments for wheat and barley for the 1980/81 crop year which begins Aug. 1. These payments are as follows in Canadian dollars per bushel (currently C\$1 equals 86 U.S. cents). Previously announced 1980/81 payment levels are in parentheses.

<u>Commodity</u>	<u>Initial payments</u>	
No. 1 CWRS Wheat	4.25	(3.75)
No. 1 CW Amber Durum	5.00	(3.75)
No. 1 Feed Barley	3.38	(2.44)
No. 2 CW2-Row Barley	3.63	(3.00)

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MARY FRANCES CHUGG, Editor. Tel: (202) 447-3370, 447-2381. Weather and Crop Summary prepared by the Joint Agricultural Weather Facility of USDA and NOAA. Tel: (202) 447-8760, 447-7917. Additional copies may be obtained from the FAS Information Services Staff, Room 5918-South, Washington, D.C. 20250. Tel: 447-7937.



In north and southeastern POLAND, significant flooding has affected crops in recent weeks. Flood alerts were issued for nearly half of the country on July 29, just as waters were receding from heavy rains around mid-July. Preliminary reports show that grain yields probably will not suffer as much as the yields of other crops. However, as harvesting gets under way, grain quality is expected to suffer because of the poor ripening conditions, lodging and sprout damage caused by the extremely wet conditions. The expected poor wheat quality will probably cause more domestic wheat to be used for feed this year, and increase the need for imports of food quality wheat. Poland's total grain import requirements are likely to be 6.5 to 7.5 million tons again this year.

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In ROMANIA, corn crop development has been delayed substantially this year by continued heavy rainfall and excessively cool weather. Yields are expected to drop well below the average for the previous four years and production could be as much as 2.5 to 3 million tons lower than the record 12.5 million tons harvested in 1979. Corn is Romania's most important grain crop, which normally accounts for about one-third of total East European production. As the 1980 wheat and barley harvests near completion, the outlook is good to excellent and yields are likely to approach previous records. As a result of the expected poor corn crop, Romania is likely to be a significant grain importer in 1980/81 to meet both domestic needs and export commitments.

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In BRAZIL, minimum prices set on July 23 for the 1980/81 crops show that the largest increases are for those crops basic to the Brazilian diet. Overall, the average increase is 139 percent for a total of 19 commodities. The higher basic diet prices are intended to provide greater domestic availabilities, avoid imports, build stocks and restrain inflation. Farmers, however, are generally not satisfied. The major criticism appears to be inflation, which is running about 100 percent. Farmers say the real price level will be eroded significantly by the time crops are harvested. Selected minimum price increases per ton for the 1980/81 crops are as follows (US\$1 currently equals Brazilian Cr\$52.11).

Crop	1979/80	1980/81		Percentage change from previous crop
	Cr\$	Cr\$	US\$	
Corn	3,088.76	7,896.84	151.54	156
Sorghum	2,628.94	7,110.48	136.45	170
Soybeans	5,247.90	10,995.60	211.00	109
Rice	6,400.00	14,400.00	276.33	125
Wheat	5,400.00	11,835.00	227.11	119
Black beans	10,195.92	29,988.00	575.47	194
Manioc	733.00	1,800.00	34.54	146

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SOUTH AFRICA'S grain silos are nearing capacity with the second largest corn crop on record, officially estimated at 10.5 million tons. However, only 40 percent of the crop consists of white corn, compared with a five-season average of nearly 50 percent. This reduction in the white corn crop is expected to limit the exportable surplus to only yellow corn. Since current world prices for yellow corn are significantly less than the South African guaranteed price, corn exports this season are being made at a loss.

During early June, yellow corn tenders by the South African Maize Board averaged about \$132 per ton for overseas destinations. This compares with a producer price of roughly \$155 per ton. Although producers must contribute nearly \$9 per ton to a stabilization fund in 1980/81, total stabilization monies as of June were expected to be insufficient to finance the loss on this season's exports. As a result, the Ministry of Agriculture has announced that the treasury will lend the fund about \$91 million for a maximum of five years at 4 percent interest.

#### HORTICULTURAL AND TROPICAL PRODUCTS

The EUROPEAN COMMUNITY (EC) Commission has revised the subsidy export regulation for tomatoes and apples. The new regulation, 1935/80 (O.J. L186), which became effective on July 19, revises the subsidies previously specified in regulation 1702/80 (O.J. L166). The changes are as follows in European Currency Units (ECU) per 100 kilograms.

		Refund	
		New	Old
I. Tomatoes: Extra Class		4.50	None
Class I		"	"
Class II		"	"
II. Apples (other than cider):			
Extra Class		12.00	8.46
Class I		"	"
Class II		"	"

For export to Botswana, Lesoto, Swaziland, Zambia, Malawi, Mozambique, Tanzania, Kenya, Rwanda, Burundi, Uganda, Somalia, Madagascar, Comoros, Mauritius, Sudan, Ethiopia, Jibuti, Arabian Peninsula, Iran, Iraq

#### III. Peaches (excluding Pectorins):

Extra Class	8.00	5.00
Class I	"	"
Class II	"	"

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In San Fernando, CHILE, a new concentrated apple juice plant, JUCOSA, has been opened. The new plant, with a total processing capacity of 30,000 tons of apples per season, is now the largest of the three plants currently operating in that country. All of JUCOSA's output will be exported, primarily to Europe and the United States.

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In WEST GERMANY, excessive rain since June has caused extensive splitting and spoilage of sweet cherries. The 1980 crop currently is estimated at 115,000 tons--26 percent smaller than the 1979 harvest. While the poor quality of the crop is expected to increase the amount of fruit available for processing into jam and juice, canning output could be affected negatively. The sour cherry harvest, however, is expected to exceed the 1979 level by 11 percent. Sour cherry varieties are much less susceptible to the kind of splitting caused by rain. Consequently, damage to the 1980 crop appears limited. Initial reports indicate that the sour cherry crop is juicy and above average in size. Therefore, the 1980 sour cherry crop forecast of 118,500 tons remains unchanged.

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In FRANCE, apple exporters have agreed to confine shipments of apples to the United Kingdom to Class I fruit through Sept. 30. U.K. apple growers have been complaining that imports of French apples have not only undermined prices of domestically grown apples during the 1979/80 marketing season, but have presented unfair competition as a result of national grants and hidden export subsidies extended to growers by the French Government. Some observers believe that most of the U.K. growers' problems arise from the fact that Golden Delicious apples grown in France give consistently higher yields than British varieties and cost less to grow and market.

Prices of all apples marketed in the United Kingdom during the month of July rose to very high levels, after having been depressed throughout most of the 1979/80 season. However, the high prices in July did not benefit British growers because domestic stocks of 1979 crop apples were exhausted by early June. The mid-July price of French Golden Delicious was the equivalent of \$1.21 per kilogram, compared with 55 cents per kilogram in July of last year.

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A bumper potato crop is forecast in PORTUGAL. This year's production is expected to be 14 percent above the 1979 level of 1 million tons. Because of a shortage of seed potatoes, the bulk of the plantings this season were table potatoes. The government has announced that exporters will receive a bonus of 7 cents for each kilogram of potatoes exported during 1980.

#### TOBACCO

BANK INDONESIA removed the letter-of-credit deposit requirement of 40 percent for imports in eighty-eight categories of agricultural commodities in May. Included is unmanufactured tobacco, BTN-2401.00. Deposit requirements will be set by banks individually and are expected to fall to 10 to 20 percent of the value of the imports. To avoid this charge, many importers had been establishing letters-of-credit in other countries. U.S. unmanufactured tobacco exports to Indonesia have averaged about \$2 million annually in recent years.

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In OMAN, imported cigarettes will be subject to new measures designed to discourage consumption beginning Jan. 1, 1981. Duty on tobacco imports will rise from 2 to 30 percent. Cigarettes with more than 20 mg of tar or 1 mg of nicotine will be banned. Packages of other cigarettes will be required to have tar and nicotine amounts labeled. Also, a health hazard warning will be printed on each package.

Oman's manufactured tobacco imports grew from \$11.3 million in 1977 to \$27.3 million in 1978 to \$40 million in 1979. In 1979, 45 percent of the manufactured tobacco imports came from the United States with West Germany and the United Kingdom supplying 35 percent and 17 percent, respectively.

Re-exports of manufactured tobacco products amounted to \$22.7 million in 1979. United Arab Emirates received 56 percent, and North Yemen received 38 percent of the 1979 transshipments.

#### NEW RELEASES OF FOREIGN AGRICULTURE CIRCULARS

World Poultry Meat and Egg Production and Trade to Increase Again in 1980, FPE 4-80

World Supply and Demand Summary For Grains, Soybeans and Cotton, WSD 3-80

World Leaf Tobacco Trade Down in 1979, FT 7-80

Processing Tomatoes: Area and Production Down in 1980, FVEG 5-80

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#### INTERNATIONAL WEATHER AND CROP SUMMARY, JULY 28-AUG. 3

EUROPE--Rainfall slackened somewhat over most of the region, although a variable pattern left above-normal totals at many locations. Harvesting of winter grains increased with the drier weather. The slow maturation of these grains may have saved them from serious damage by recent wet weather. Although lodging posed a problem for harvesting of early fields, good yields have been reported. Spring-planted row crops may have suffered more from the earlier wetness, and the delayed development may cause bottlenecks in fieldwork later in the season. Above-normal temperatures associated with the sunnier weather should help. The southeastern countries remained somewhat wetter, with temperatures running near normal. Although some local areas were drier, conditions in general remained too wet for crops.

USSR--Weather conditions improved for winter grain harvest in some parts of southern European USSR, but wet conditions in many areas interrupted the harvest. Rainfall in the lower Volga Valley was the first in quite some time, and is not expected to cause any problems. Persistent wet weather in the western Ukraine and Belorussia has not favored harvesting and will probably decrease grain quality. Temperatures remained near to slightly above-normal. In the dry southern Urals, temperatures dipped below normal as winter grain harvesting neared completion and spring grains ripened.

In the New Lands, temperatures were even further below normal, but this should not seriously delay spring grain development. Abundant rainfall, ranging much above-normal, benefited most areas, and only along the southwestern fringe of the crop area were soils too dry as the grains neared maturity.



CHINA--Heavy rain returned to the Yangtze Valley where the weather had been relatively dry last week. The main rice crop there should be nearing maturity, but the excessive water may create unfavorable conditions. Parts of Guangdong continued to be plagued by above-normal rains from tropical storm Kim early in the week. North-western areas extending into Nei Monggol benefited from some of the heaviest rain-fall of the year. Dry weather in the Manchurian Valley probably was a relief from the persistent wet weather of recent weeks.

SOUTH ASIA--Abundant rainfall continued across much of the region. Flooding in the Ganges Plain caused serious problems for crops other than rice, but farmers in upland areas welcomed the wet conditions. The mood is much more optimistic than at this time last year. Rainfall slackened somewhat in some peninsular areas and in Bangladesh, but soils remained quite adequately moist.

SOUTHEAST ASIA--Monsoon activity continued to produce above-normal rain-fall throughout most of Thailand. Weekly totals generally ranged from 50 to 70 mm, with more abundant amounts (100 to 175 mm) found in north-central Thailand. Lesser amounts (10 to 30 mm) fell in the agriculturally productive region north of Bangkok. This drier weather should aid the development of the early season rice crop since the quality of the grain is related to the amount of sunshine received during the maturation period. Conditions remain favorable for maize and other crops.

AUSTRALIA--Weekly rainfall totals of 10 to 30 mm fell in the winter wheat areas of Queensland and New South Wales, which have experienced persistently dry conditions since the sowing season began this past fall. Highest amounts were recorded in the crop land of Queensland where conditions are rated fair to poor. More rain is needed to replenish soil moisture supplies for favorable crop development, once the crop begins vigorous growth in the spring. Elsewhere, only light rain fell this week in the southern portion of the continent, except along the southern coast of Victoria where over 50 mm was measured. In West Australia, moisture conditions remain favorable except for isolated pockets of dryness.

SOUTH AMERICA--A frontal system produced moderate rainfall through southern Brazil and Paraguay early in the week. The winter wheat areas in Parana, Santa Catarina and Rio Grande do Sul benefited from weekly totals of approximately 25, 50 and 75 mm, respectively. Soil moisture is in ample supply for the wheat crop, which remains in near-dormancy during the winter months. The cold air mass did not penetrate into the coffee areas of northern Parana. A second storm produced light rain in Buenos Aires Province in Argentina late in the week. In general, soil moisture remains adequate for the Argentine winter wheat crop.

CANADA--Light rain was prevalent over the Canadian Prairies this week. Significant weekly totals (more than 10 mm) fell in the crop areas of northern Alberta, extreme eastern Saskatchewan and northern Manitoba. Southern portions of the grain belt received minimal amounts of rains. Most crops are in the grain-filling stage, with some early seeded cereals beginning to ripen. The scattered shower activity improved conditions for late seeded crops; however, additional moisture will have little impact on crops which have advanced into the maturation period.

MEXICO--Hot, dry weather continuing since late May in the northeast has decreased water supplies and strongly stressed citrus. Further south, timely rains are maintaining adequate soil moisture in the Jalapa-Veracruz citrus district. Abundant rains continue to fall over the western and northwestern watersheds and are replenishing water supplies for late fall and winter vegetables. Most of the southern plateau's corn belt received beneficial rains as the crop nears the tasseling stage. The northern fringe, however, was slightly dry.



# Rotterdam Prices and E.C. Import Levies:

Asking prices in U.S. dollars for imported grain, soybeans and tapioca, c.i.f., Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	Aug. 5, 1980		Change from	
			previous week	a year ago
	Dollars	Dollars	Cents	Dollars
	per metric ton	per bu.	per bu.	per metric ton
<b>Wheat:</b>				
Canadian No. 1 CWRS-12.5%..	1/	1/	1/	1/
U.S. No. 2 DNS/NS: 14%.....	210.50	5.73	-9	189.00
U.S. No. 2 DHW/HW:13.5%....	210.00	5.71	+5	192.00
U.S. No. 2 S.R.W.....	198.00	5.39	-3	180.00
U.S. No. 3 H.A.D.....	307.00	8.36	-24	221.00
Canadian No. 1 A: Durum....	1/	1/	1/	1/
<b>Feedgrains:</b>				
U.S. No. 3 Yellow Corn.....	162.00	4.11	+11	138.50
U.S. No. 2 Sorghum 2/.....	174.00	4.42	+14	137.00
Feed Barley 3/.....	176.00	3.83	+10	158.00
Thailand Tapioca.....	182.55	--	+4.30 5/	--
<b>Soybeans:</b>				
U.S. No. 2 Yellow.....	311.50	8.48	+23	300.50
Argentine 4/.....	300.00	8.17	+21	292.00
U.S. 44% Soybean Meal (M.T.)	257.00	--	+9.00 5/	236.00
<b>EC Import Levies</b>				
Wheat.....	109.30	2.97	-50	101.00
Barley.....	93.75	2.04	-38	83.85
Corn .....	105.30	2.68	-51	103.85
Sorghum.....	87.40	2.22	-59	103.80

1/ Not available.

2/ Optional delivery: U.S. or Argentine Granifero Sorghum.

3/ Optional delivery: U.S. or Canadian Feed Barley

4/ Optional delivery: Brazil Yellow

5/ Dollars per metric ton.

NOTE: Basis August delivery.

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